Exhibit 12





KANSAS

TRACY STREETER, DIRECTOR

KANSAS WATER OFFICE

KATHLEEN SEBELIUS, GOVERNOR

PRES.

SUPT.

July 22, 2005

Elvin Hobson President Bostwick Irrigation District No. 2 P.O. Box 165 Courtland, KS 66939-0165

Dear Mr. Hobson:

Enclosed for your review and acceptance is the Memorandum of Agreement between the Kansas Water Office and the Kansas Bostwick Irrigation District No. 2 for Drought Assistance for Increased Reservoir Storage. Please return one copy of the signed agreement to the Kansas Water Office.

If you have any questions, please contact Susan Lee at (785) 296-3185.

Respectfully,

Tracy Streeter, Director Kansas Water Office

cc:

Earl Lewis Susan Lee

> 901 S. KANSAS AVENUE, TOPEKA, KS 66612-1249 Fax 785-296-0878

www.kwo.org

Memorandum of Agreement between the Kansas Bostwick Irrigation District No. 2 and the Kansas Water Office for

Drought Assistance for Increased Reservoir Storage

WHEREAS, drought induced low reservoir levels in Harlan County Lake threaten a variety of uses, including irrigation, fish, wildlife, and recreation; and

WHEREAS, leaving additional storage water in Harlan County Lake during the 2005 irrigation season would help sustain in-reservoir uses as well as provide additional water

WHEREAS, the Bureau of Reclamation (Reclamation) has approved the State of Kansas for drought assistance in 2005 by authority of the Reclamation States Emergency

WHEREAS, Reclamation has approved drought funding assistance to the Kansas Water Office through Cooperative Agreement No. 04FC601939 for a project that will result in additional storage water in drought affected reservoirs in the Republican and Solomon Basins:

NOW THEREFORE, the parties agree as follows:

- The Kansas Bostwick Irrigation District No. 2 agrees to: 1)
 - not call for 2005 irrigation season storage releases from Harlan County a) Lake when the lake drops below elevation 1930.88 (149,159 acre feet)
- 2) The Kansas Water Office agrees to:
 - provide financial assistance totaling \$12,000 (utilizing Reclamation a) Drought Assistance Funds) to the District for leaving 2005 irrigation supplies in Harlan County Lake at levels listed in 1)a) above from the signature date of this contract through September 30, 2005.
 - b) provide payment within 60 days of the signature of this agreement.
- 3) In the event that inflows exceed estimates, both parties agree that releases of storage water may be made for the benefit of the District as long as the lake levels remain at or above the levels noted above. Should evaporation or other factors not caused by the District later lower levels, this will not affect the eligibility of

- 4) In the event that inflows do not meet estimates and the lake levels do not reach the levels noted above, the level of assistance provided to the District will not be reduced.
- 5) This agreement may be modified at any time by mutual agreement of the parties.

KANSAS BOSTWICK IRRIGATION DISTRICT NO. 2

Elvin Hobson, President

Kansas Bostwick Irrigation District No. 2

\<u>/8/&\$</u> Date

KANSAS WATER OFFICE

Tracy Streeter, Director

Kansas Water Office

Date



TRACY STREETER, DIRECTOR

KANSAS WATER OFFICE

KATHLEEN SEBELIUS, GOVERNOR

April 18, 2005

Jack Wergin Bureau of Reclamation PO Box 1607 Grand Island, NE 68802-1607 PRES. BY
TREAS. 64H
SUPT. AV

Dear Mr. Wergin:

Thank you for your e-mail of March 29th informing me of Kansas' approval for assistance under Title I of the Reclamation States Emergency Drought Relief Act of 1991. Kansas was approved for the drought assistance by Commissioner Keys according to the March 3, 2005 to Governor Sebelius.

We wish to have the following project considered for potential assistance:

 Kansas-Bostwick Irrigation District No. 2, Kirwin Irrigation District No. 1, and Webster Irrigation District No. 4 - not call for 2005 Irrigation season storage releases from Harlan County Lake, Kirwin Reservoir, and Webster Reservoir

Preliminary cost information regarding both projects is attached.

Please let me know if additional information is needed or if you have any questions.

Sincerely,

Tracy Streeter Director

Attachment

cc;

Alice Johns, Area Manager, Bureau of Reclamation Kenny Nelson, Manager, Kansas-Bostwick Irrigation District Andy Wilson, Manager, Kirwin and Webster Irrigation Districts Earl Lewis, Kansas Water Office

TS:sl

901 S. KANSAS AVENUE, TOPEKA, KS 66612-1249 Fax 785-296-0878

Voice 785-296-3185

www.kwa.org

DROUGHT ASSISTANCE – KANSAS REPUBLICAN AND SOLOMON IRRIGATION DISTRICTS INCREASED RESERVOIR STORAGE CARRYOVER HARLAN COUNTY LAKE, KIRWIN RESERVOIR, WEBSTER RESEVOIR

Background

Declining inflows throughout the Republican and Solomon Basins have significantly reduced storage supplies for irrigation Districts in Southcentral Nebraska and Northcentral Kansas. These areas have suffered effects of the current drought since 2000.

Harlan County Lake - Natural flows in the Republican River and White Rock Creek and storage water from Harlan County Lake in Nebraska and Lovewell Reservoir in Kansas provide the water supply for project lands of the Kansas Bostwick Irrigation District No. 2. Declining inflows to Harlan County Lake has drastically reduced the Districts' water supply for project areas above Lovewell Reservoir. In 2003, the Kansas Bostwick Irrigation District No. 2 delivered 7.5 inches per acres above Lovewell Reservoir. Water delivery projections for 2004 were 2 inches per acre for project lands above Lovewell Reservoir. The District elected not to utilize the limited 2004 irrigation storage in Harlan County Lake and received financial incentives provided by the Kansas Water Office through the Reclamation States Emergency Drought Relief Act of 1991. In 2005, water delivery projections for lands above Lovewell are 1.0 inches per acre.

Kirwin Reservoir - Natural flows in the North Fork of the Solomon River and storage water from Kirwin Reservoir provide the water supply for the Kirwin Unit of the Solomon Division. Higher inflows experienced in the early to mid 1990s provided the project with a stable water supply. As the inflows have declined since the year 2000, the water supplies have been reduced to the levels experienced in the 1980s. Water deliveries for 2004 were approximately 4 inches per acre. Estimated 2005 water delivery projections for the Kirwin Unit are 1.5 inches per acre.

Webster Reservoir - Natural flows in the South Fork of the Solomon River and storage water from Webster Reservoir provide the water supply for the Webster Unit of the Solomon Division. Higher inflows experience in the early to mid 1990s provided the project with a stable water supply. As the inflows have declined since the year 2000, the water supplies have been reduced to the levels experienced in the 1980s. Estimated water deliveries for 2004 were approximately 4 inches per acre. Estimated 2005 water delivery projections for the Webster Unit are 1.5 inches per acre.

Statement of Need

The recent drought has led to historic low inflows to Harlan County Lake and have returned Kirwin and Webster Reseroirs to the lower storage levels of the 1980s. As lake levels drop, fish and wildlife habit also suffers. Lower lake levels can cause problems such as increased noxious weed and invasive species. As water levels recede the bare soil provides optimum growing conditions for Canada thistle. Salt Cedar is a noxious weed that thrives in arid climates and prefers saline rich/nutrient poor soil. Salt Cedar can have severe impacts on ground water levels, surface water flows, and native vegetation. As lake levels drop, new shorelines spread farther from existing park

facilities. New shorelines are often extremely muddy and choked with vegetation, which reduces opportunities for bank fishing, swimming, dock mooring, etc.

Lower lake levels also caused increased water temperature and lower levels of dissolved oxygen. Swanson Lake (2001) and Harry Strunk Lake (2002) in Southwest Nebraska have suffered major fish kills due to low lake levels. Some have estimated that ½ of the total fish population in Swanson Lake was lost, including many trophy size sport fish. Stocking efforts continue but it will take many years to rebuild the trophy size fishery. Harlan County Lake reached a historical low elevation in 2004.

Irrigation Districts in the Republican and Solomon Basins must decide whether or not to take the small amounts of irrigation storage water in the reservoirs and deliver it to the project lands, or to leave the small storage supplies in the reservoirs for future years use.

Benefits

This assistance will provide the Kansas Bostwick Irrigation District No. 2, the Kirwin Irrigation District No. 1, and the Webster Irrigation District No. 4 with incentives for leaving irrigation storage water in Harlan County Lake, Kirwin Reservoir, and Webster Reservoir for future years use. Saving the irrigation storage water for future years use will result in a higher carryover reservoir level, which would provide fish and wildlife and recreation benefits to the reservoir area.

By choosing to leave the storage in these reservoirs, these irrigation districts are providing fish and wildlife benefits, as well as increased recreation opportunities. The higher reservoir levels will increase visitation to the parks surrounding the reservoirs. The higher reservoir levels also will keep water temperatures cooler and oxygen levels higher, which will be more beneficial to fish populations. In addition, the proposed higher levels will improve shoreline access for recreation.

The Kansas Bostwick assistance proposal (combined with a similar proposed project for Bostwick firrigation District in Nebraska) will result in an estimated increase in reservoir elevation of 0.6 feet in Harlan County Lake and an estimated 187 additional water surface acres. The Kirwin proposal would result in an estimated increase in reservoir elevation of 3.1 feet and an estimated 194 additional water surface acres. The Webster proposal would result in an estimated increase in reservoir elevation of 2.5 feet and an estimated 189 additional water surface acres.

Budget

Drought assistance for irrigation storage left in reservoirs was computed on a graduated scale. The first 2500 acre-feet left in a reservoir was computed at a payment of \$10 per acre-foot, the next 2500 acre-feet was computed at \$5 per acre-foot, and anything over 5000 acre-feet was computed at \$2.50 per acre-foot.

The Bureau of Reclamation provided estimated irrigation storages for Harlan County Lake, Kirwin Reservoir, and Webster Reservoir for May 31, 2005.

Drought Assistance by Reservoir

	Heservoir	2005 Estimated Irrig. Storage	Drought Assistance			
	Harlan County Lake (KS Bostwick Share)	1,200 AF	\$ 12,000			
	Kirwin Reservoir	3,980 AF	\$ 32,400			
	Webster Reservoir	3,220 AF	\$ 28,600 ======			
	Total		\$ 73,000			
Drought Assistance by Irrigation District						
	Kansas Bostwick Irrigation District No. 2					
	Kirwin Irrigation District No. 1 Webster Irrigation District No. 4 Total					



United States Department of the Interior

BUREAU OF RECLAMATION

Great Plains Region P.O. Box 36900 Billings, Montana 59107-6900

IN REPLY REPER TO:

GP-3700 ADM-13.00 FEB 11 2005

Mr. Kenneth Nelson Manager Kansas-Bostwick Irrigation District P. O. Box 165 Courtland, KS 67638

Subject: Modification No. 009, to Cooperative Agreement No 99-FC-60-12460, for

Implementation of Water Conservation Measures.

Dear Mr. Nelson:

Enclosed for your records is a duplicate original of the subject modification. This modification reserves additional funds in the amount of \$23,000.00.

Please contact Leatha Frost at 406-247-7818 if you have any questions regarding this matter.

Sincerely,

Kimball Banks

Financial Assistance Officer

Enclosure

34e7-2276(02-02) Bureau of Reclamation

UNITED STATES DEPARTMENT OF THE INTERIOR **BUREAU OF RECLAMATION**

MODIFICATION OF ASSISTANCE AGREEMENT

PAGE 1 OF 1. MODIFICATION NUMBER 2. TYPE OF AGREEMENT () GRANT (X) COOPERATIVE AGREEMENT Ja. AGREEMENT NUMBER 9-FC-80-12460 009 3b. AGREEMENT DATE 05/11/99 5. RECIPIENT (NAME, ADDRESS, TELEPHONE) 4. ISSUING OFFICE (NAME, ADDRESS) Bureau of Reclamation Kansas Bostwick Irrigation District No. 2 **Great Plains Region** P.O. Box 165 Courtland KS 67638 P.O. Box 36900 Billings MT 59107-6900 EW #: 6. ADMINISTRATIVE POINT OF CONTACT (NAME, ADDRESS, YELEPHONE, E-MAIL) 7. RECIPIENT PROJECT MANAGER (NAME, ADDRESS, TELEPHONE, E-MAIL) Kenneth Nelson, Manager Leatha Frost Kansas Bostwick Irrigation District No. 2 Bureau of Reclamation P.O. Box 165 Great Plains Region Courtland KS 67638 P.O. Box 36900 (785) 374-4514 Billings MT 59107-6900 (406) 247-7818 8. TECHNICAL REPRESENTATIVE (NAME, ADDRESS, TELEPHONE, E-MAIL) 9. EFFECTIVE DATE OF MODIFICATION See Block 188 10. COMPLETION DATE OF AGREEMENT Jack Wergin, Hydraulic Engineer Bureau of Reclamation, Nebraska-Kansas Area Office December 31, 2006 P.O. Box 1607, 203 West 2nd Grand Island NE 68802-1607 308 389-4622, ext 209 11. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF Fish and Wildlife Coordination Act of 1934 elifes the above-numbered assistance agreement as set forth in tall 12. FUNDING INFORMATION RECIPIENT/OTHER RECLAMATION 13. REQUISITION NUMBER THIS ORI IGATION \$ \$ 23,000 14. ACCOUNTING AND APPROPRIATION DATA PREVIOUS OBLIGATION \$116,500,00 TOTAL OBLIGATION \$139,500.00 A10-0271-NK01-001-00-0-0-411C-6B30200 COST SHARE RATIO 15. DESCRIPTION OF MODIFICATION (Allach additional pages if needed) Project Title: Implementation of Water Conservation Measures. Notice of Additional Reservation of Funds: In addition to funds previously reserved under the above agreement, an additional \$23,000 is hereby reserved to cover payment of all earnings by the recipient through fiscal year 2005. Total funding is now changed from \$116,500 to \$139,500. It is to be expressly understood the Government has no obligation to provide funds in addition to those reserved in writing. Except as provided herein, all terms and conditions of the document referenced in Block 1, as heretofore changed, remain unchanged and in full force and effect 16. RECIPIENT IS , IS NOT XX REQUIRED TO SIGN THIS DOCUMENT AND RETURN COPIES TO THE ISSUING OFFICE. 17a. Acceptance of this Modification in accordance with the terms 18a. Acceptance of this Modification in accordance with the term and conditions contained herein is hereby made on behalf of the United States of America, Bureau of Reclamation and conditions contained herein is hereby made on behalf of the above-named recipient DATE 1 17b. NAME, TITLE, AND TELEPHONE NUMBER OF SIGNER (Type or print) 186. NAME OF GRANTS AND COOPERATIVE AGREEMENTS OFFICER (Type or print) Leatha Prost Additional signatures are attached

1406) 247-7818

DOUMENTS INCORPORATED HEREIN BY REFERENCE:

STANDARD FORM 270

									STAINDARD FORM 270
REQUEST FOR ADVANCE OR REIMBURSEMENT		OMB APPROVAL NO. 0348-0004					PAGE OFFAGES		
		1. TYPE OF PAYMENT REQUESTED	a. AX9 one or both boxes [X] ADVANCE [] REIMBURSEMENT				BASIS OF REQUEST [] CASH		
(See instructions on back)		Direct Deposit	b. AX@ the applicable box []FINAL { XPARTIAL			{] ACCRUAL			
3. FEDERAL SPONSORING AGENCY AND TO WHICH THIS REPORT IS SUBMITTED			4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY		aber	5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST			
BUREAU OF RECLA	OITAM	4	99-FC-60-12460				t) ild tes dobs i		
6 EMPLOYER IDENTIFICATION NUMBER		7. RECIPIENT S ACCOUNT NUMBER OR	8.PBRIOD COVERED BY THIS REQUEST			I			
48-608592	7	IDENTIFYING NUMBER	FROM (mosth, day, year) TO (most 2-7-05			TO (month, di	9-30-05		
9 RECIPIENT ORGANIZATION			IO. PAYEI	3 (Whe	re oh	eck is to be se	ent if difference from	ilom 9)	
		ostwick District no. 2	Name	,		i.			
Number	Box 1		Number and Street						
City. State and ZIP Code: Court	land	Ks. 66939-165	City, State and Zip Co.	de :					
11.COMPUTATION OF AMOU	NT OF REI	MBURSEMENT/ADVANCES REQU	UESTED			~~~			
PROTRAMS/FUNCTIONS ACTI	VITIES >	(a) 48.9 Pipeline	(b)				(c)		TOTAL
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d. Estimated net cash outlays for advance Period		23,000.00						80-01-00-01-01-01-01-01-01-01-01-01-01-01	23,000.00
e. Total (Sum of lines c & d)		23,000.00	<u></u>						23,000.00
f. Non-Federal share of amount of line c		0,00						,	0.00
g. Federal share of amount on line e		23,000.00						printed dealers and the second	23,000.00
h. Federal payments previously requested		0.00	<u> </u>					tandardardari ya masandiki maliki waka	0.00
I Federal share now requested (Line g minus line h)		23,000.00						, 	23,000.00
j. Advances required by month, when requested by	1st month	411-414-40-40-41							
Federal granter agency for	2nd month								
	3rd month								
12 ALTERNATE COMPUTATI	ON FOR AD	VANCES ONLY							
a. Estimated Federal cash outlays that will be made during period covered by the advance						s 23,000.00			
b Less: Estimated balance of Fede	eral cash on he	and as of beginning of advance period					·		
c. Amount requested (Line a minus line b)					,				\$ 23,000.00

Prescribed by Office of Management and Budget Cir. No. A-102 and A-110

		Standard Form 270 (cont=d)	Cir. No. A-102 and A-110
13.	CERTIFICATION		
I certify that to the best of my knowledge and belief the data on the reverse are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.		SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	DATE REQUEST SUDMITTED
		Kennet flow	2-18-05
		TYPEDOR PRINTED NAME AND TITLE Kenneth Nelson	TELEPHONE (AREA CODE, NUMBER, EXTENSION)
		Superintendent	785-374-4514
This space for agency	r use		

Public reporting burden for this collection of information is estimated to average 50 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0004), Weshington, DC 20503.

PLEASE <u>DO NOT</u> RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET, SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

INSTRUCTIONS

lease type or print legibly. Items 1, 3, 5, 9, 10, 11c, 11c, 11c, 11f, 11g, 11i, 12 and 13 are self-explanatory; specific instructions for other items are as follows:

em Entry

Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.

Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is fire more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or naverment.

Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (Institution) code if requested by the Federal agency.

This space is reserved for an account number o other identifying number that may be assigned by the recipient.

Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested,

- ote: The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports
- The purpose of the vertical columns (a), (b), and (c) is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or activity. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right, however, the summary totals of all programs, or activities should be shown in the "total" column on the first page.
- Enter in "as of date," the month, day, and year of the ending of the accounting period to which this armount applies. Enter program outlays to date (net of refunds, robates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to

<u>Item</u>	 	Entry

subcontractors and subrecipients. For request prepared on an accrued expenditure basis, outlays are the sum of the actual each dishursements, the amount of indirect

expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contracts, subgrantees and proces.

- 11b Buter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income cannot to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.
- 11d Only when making requests for advance payments, enter the total estimated amount of eash outlays that will be made during the period covered by the advance.
- 13 Complete the certification before submitting this request

KANSAS BOSTWICK IRRIGATION DISTRICT NO. 2

Phone (785) 374-4514 Fax (785) 374-4305 E-Mail: kbid@courtland.net 528 Main Street PO Box 165 Courtland KS 66939-0165

ELVIN C. HOBSON, Pres. Courtland KS 66939 Phone 785-361-4863 GARY L. HOUSHOLDER, Treas. Scandia, KS 66966 Phone 785-335-2895 BRAD D. PETERSON, SEC. Courtland, KS 66939 Phone 785-374-4330

KENNETH E. NELSON, Supt. Courtland, KS 66939 Home Phone 785-374-4283 Bus. Phone 785-374-4514 DOUGLAS G. SIMMS, Attorney Belleville, KS 66935 Phone 785-527-5316

1 September 2005

Susan Metzger Kansas Water Office 901 S Kansas Ave Topeka KS 66612-1249

Dear Ms. Metzger:

As per our Memorandum of Agreement for drought assistance signed by our Board President Elvin C. Hobson on August 8, 2005 would you please forward \$12,000.00 financial assistance to complete the agreement. We truly appreciate your assistance in this matter.

Sincerely,

Kenneth Nelson Superintendent

enclosure

KANSAS BOSTWICK IRRIGATION DISTRICT NO. 2

Kenneth E. Nelson, Supt. Courtland, Ks 66939 Home Phone (785) 374-4283 Bus. Phone (785) 374-4514

n

PO BOX 165/528 Main Street Courtiand KS 66939-0165 Fax (785) 374-4305 <u>E-Mail: kbid@courtland.net</u>

19 January 2005

Randy Jackson Bureau of Reclamation PO Box 25007 Denver CO 80225

Dear Mr. Jackson:

Please accept this 2025 proposal on behalf of Kansas Bostwick Irrigation District and Bostwick Irrigation District of Nebraska. If there are any questions or need for further material please contact me at the address on this letter head.

Sincerely,

Kenneth Nelson Superintendent

enclosures